

Reserve Banks, and financial institutions to recipients maintaining accounts at financial institutions. It describes the procedures to be used, defines the obligations and responsibilities of the participants in ACH payments, and states terms of a contract between the Federal Government and those participants. It also prescribes the liabilities of financial institutions to the Federal Government arising from payments to deceased or incompetent recipients, and deceased beneficiaries of Federal benefit payments. Regulations promulgated by the Bureau of the Public Debt governing *Treasury Direct* payments made by the ACH Method for principal and interest on Government securities can be found at part 357 of this title; regulations promulgated by the Bureau of the Public Debt governing State and Local Government series payments made by the ACH for principal and interest on Government securities can be found at part 344 of this title.

[54 FR 20569, May 12, 1989]

### § 210.2 Definitions.

As used in this part, unless the context otherwise requires:

*Account, recipient's account, designated account and appropriate account* mean the account specified by a recipient or beneficiary into which payments under this part shall be deposited. These terms also include an account on which the financial institutions has, after execution of an enrollment, made changes to the account number of the type of account as authorized by § 210.4(f).

*Automated Clearing House (ACH)* means a payment mechanism through which participating institutions exchange funds electronically.

*Allotment* means a recurring specified deduction from pay of an employee for a legal purpose authorized by an employee to be paid to a recipient.

*Allotter* means the employee from whose pay an allotment is made.

*Banking day* means that part of any business day on which an office of a financial institution is open to the public for carrying out its banking functions.

*Beneficiary* means a person other than a recipient who is entitled to re-

ceive the benefit of all or part of a benefit payment from the Federal Government.

*Benefit Payment* is a payment of money for any Federal Government entitlement program or annuity. It can be either a one-time or recurring payment. These payments include, but are not limited to, the following nine:

- (1) Social Security.
- (2) Supplemental Security Income.
- (3) Black Lung.
- (4) Civil Service Retirement.
- (5) Railroad Retirement Board Retirement/Annuity.
- (6) Veterans Administration Compensation/Pension.
- (7) Central Intelligence Agency Annuity.
- (8) Military Retirement Annuity.
- (9) Coast Guard Retirement.

*Business day* means any day other than a Saturday, Sunday or legal holiday.

*Discretionary allotment* means an amount that a Federal Government employee is permitted, by the employing Federal agency, to direct voluntarily to be deducted from his or her net salary amount and paid to a recipient. The aggregate amount of discretionary allotments may not exceed the net pay due the employee for each pay period after all deductions required by law are subtracted.

*Employee* means an employee of a Federal Government agency, unless otherwise provided.

*Federal Reserve Bank* means any Federal Reserve District Head Office, branch, or regional check processing center that processes ACH payments for the Federal Government.

*Financial Institution* means any bank, savings bank, savings and loan association, credit union, or similar institution.

*Nonbenefit Payment* means any Federal Government payment other than a benefit payment. Nonbenefit payments can be one-time or recurring payments, including but not limited to: vendor payments, Internal Revenue Service tax refunds, Federal Government salary payments, and allotments therefrom, grants, travel disbursements and reimbursements, loans, and payments of principal and/or interest related to United States savings bonds, notes, and

other savings-type securities, and payments of service fees to organizations qualified to issue and/or redeem savings bonds.

*Outstanding Total* means the sum of all benefit payments received pursuant to an enrollment, after death or legal incapacity, minus any amount returned to or recovered by the Federal Government.

*Payment* means a sum of money which is transferred to a recipient in satisfaction of an obligation. A payment includes any Federal Government benefit, or nonbenefit payment.

*Payment Date* means the date specified in the payment instruction for a payment. It is the date on which the funds specified in the payment instruction are to be available for withdrawal from the recipient's account with the financial institution specified by the recipient, and on which the funds are to be made available to the financial institution by the Federal Reserve Bank with which the financial institution maintains or utilizes an account. If the payment date is not a business day for the financial institution receiving a payment, or for the Federal Reserve Bank from which it received such payment, then the next succeeding business day for both shall be deemed to be the payment date.

*Payment instruction* means an order issued by the Federal Government for the payment of money under this part. A payment instruction may be contained on:

(1) A letter, memorandum, telegram, bill, invoice, computer printout or similar record, or

(2) Any form of nonverbal communication, registered upon magnetic tape, disc or any other medium designed to capture and contain in durable form conventional signals used to electronically communicate messages.

*Prenotification* means a zero dollar ACH payment instruction. It is used to ensure that, before actual payment instructions are sent through a Federal Reserve Bank, the financial institution will be able to credit payments accurately to the designated account. A prenotification, if used, will precede the relevant first dollar payment instruction by at least ten (10) days and

is constructed from a recipient's enrollment to receive an ACH payment.

*Program Agency* means an agency of the Federal Government responsible for determining and initiating a payment to be made, and includes any department, agency, independent establishment, board, office, commission, or other establishment in the executive, legislative, or judicial branches of the Federal Government and any wholly-owned or -controlled Federal Government corporation.

*Recipient* means a person, corporation, or other public or private entity which is authorized by a program agency to receive benefit or nonbenefit payments from the Federal Government. Recipient includes a natural person or entity authorized by a program agency to receive benefit or nonbenefit payments from the Federal Government.

[52 FR 2406, Jan. 22, 1987, as amended at 54 FR 20569, May 12, 1989]

### **§210.3 Policy for payments by the Automated Clearing House method.**

Once an ACH enrollment has been completed, all payments covered by that enrollment shall be made by the ACH method unless the United States Department of the Treasury (hereafter referred to as Treasury) determines that conditions exist that make payment by check or other means more appropriate.

### **§210.4 Recipients.**

(a) In order for a recipient to receive a payment by the ACH method, the recipient shall designate the desired financial institution and account identification at that financial institution using an enrollment procedure prescribed by the Financial Management Service for such payments. The title of the account so designated shall include the name of the recipient.

(b) In executing an enrollment, a recipient:

(1) Agrees to the provisions of this part; and

(2) Authorizes the termination of any inconsistent previously executed enrollment or inconsistent payment instructions.

(c) Once an ACH enrollment has been effected, it shall remain in effect until